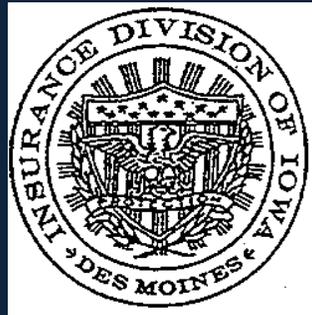


The State of Iowa
2012

Annual Consumer Advocate Bureau Report



Prepared and Submitted to the 84th Iowa General Assembly

January 15th, 2012

Insurance Division of Iowa

The Iowa Insurance Commissioner, in cooperation with the Consumer Advocate Bureau submits the following annual report pursuant to Iowa Code section 505.8.

I. Background

The Consumer Advocate Bureau (the Bureau) was established in 2008 under Iowa Code section 505.8, subsection 6, paragraph “b”. The Bureau is currently comprised of four people, and led by the Consumer Advocate. The Consumer Advocate, Angel Robinson, was appointed by the Commissioner in November 2008. The Consumer Advocate is the Program Director and supervises the Iowa Consumer Assistance Program, a federal grant program. The grant has provided 100% of the funding for the new program specific staff which includes two compliance officers and an administrative assistant. The program staff has worked in the area of health insurance assistance and advocacy. The Consumer Assistance Program currently has funding through June 2012. The Consumer Advocate provides assistance to consumers in all lines of insurance, securities, and regulated industries.

II. 2011 Activities

The functions of the Bureau include outreach, assisting with or providing policy recommendations, aiding consumers with insurance inquires and complaints, assisting consumers file health insurance appeals, and recommending cases for administrative action. To further these functions, the activities of the Bureau in 2011 have focused on three main areas: 1) consumer complaint assistance, 2) education and outreach, 3) and assisting consumers with the health insurance rate review process. The activities of the Bureau in 2011 did not include any additional studies for review.

A. Consumer Complaints and Appeals

In the area of complaint assistance, the Consumer Advocate has initiated complaint procedures and when requested by consumers, reviewed closed complaint files as a form of appeal. Additionally the Consumer Assistance Program has aided consumers with health insurance based complaints, inquiries, and appeals. The appeal assistance provided by the Consumer Assistance staff consists of aiding Iowan’s with appeals on all levels (internal and external) as well as for fully funded (state regulated) or self-funded (federally regulated) health insurance plans. In 2011 the Bureau directly provided assistance to approximately 500 consumers with complaints and inquires regarding insurance and securities. Efforts in complaints, inquiries, and appeals have recovered \$73,884.26 for consumers by the Bureau. There were no new administrative actions

from the Bureau this year as all files were able to be settled with the insurer without additional action. The funds recovered for consumers in ongoing administrative actions that concluded in 2011 totaled recovery and reimbursements of \$382,737.

B. Outreach and Education

Flood mitigation outreach education has been a major outreach area for the Bureau. The flood outreach has been conducted in 2011 with the Insurance Division, the Iowa Department of Natural Resources, the Rebuild Iowa Office, and the Iowa Homeland Security & Emergency Management Department. The 2010 flood outreach included the annual March Flood Awareness Month, sponsorship of a series of flood forums throughout the state (a community based informative presentation and panel from state and local experts on flood mitigation efforts), and individually targeted direct mailers regarding flood outreach to over 5,000 Iowans who have experienced flooding in the past. The Consumer Assistance Program has also been working on outreach opportunities. Consumer information has been provided on the website and in documents regarding changes in access to health insurance for children. Outreach documents have also been created informing the public of their health insurance appeal rights and the services provided by the Consumer Assistance Program. Other educational documents continue to be developed to support outreach trainings, presentations, and online posts. Additional outreach opportunities provided included maintaining a consumer friendly website providing information on all areas served by the Consumer Advocate and public speaking events (including a telephone based town hall meeting with approximately 13,000 participants).

C. Assisting Consumers with the Rate Review Process

The Consumer Advocate Bureau participated and assisted consumers with their notice and hearing rights associated with health insurance rate increases. Iowa law provides for a consumer's right to notice and the right for a public hearing when a rate increase is requested above the average annual health spending growth rate (as established by the Centers of Medicare and Medicaid Services). Two such rate increases met this criterion in 2011. The Consumer Advocate's role is solicit consumer comments regarding the proposed rate increase and to share the received comments with the public and the Commissioner of Insurance during the public hearing. Combined for both proposed rate increases, the Consumer Advocate received nearly 900 consumer comments and had approximately 200 attendees for the public hearings held in 2011. The second hearing was held over the ICN videoconferencing network at a dozen remote locations to allow participation from across Iowa. A report on the public comments and testimony received was provided by the Consumer Advocate and submitted to the Commissioner

and posted for the public to view. All of the hearing procedures held in 2011 were for individual health insurance policy holders. As of 2012, the hearing and notice process has been expanded to include small group health insurance policies and association based insurance policies in order to comply with federal law changes for health insurance rate review procedures.

D. Other Consumer Advocate Duties and Responsibilities

The Consumer Advocate has participated in weekly conference calls on the planning and implementation of the new health laws and provided public education to consumers directly and through consumer advocacy groups regarding the changes to laws, regulations, and the effects on consumers. Additionally the Consumer Advocate also participated in the annual health care costs reduction statutory workgroup and assisted in the completion of the annual report on the health care costs within the state of Iowa. As federal changes to insurance law have been an ongoing process, with continuous new implementation dates set in the future, the Consumer Advocate will continue to dedicate time and resources to consumer assistance in this area in 2012.

III. Recommendations

a. Budget Recommendations

The current 2011 budget for the Bureau entails an appropriation for only the Consumer Advocate with a salary and benefits totaling \$79,000. The Consumer Assistance Program Grant initially provided \$338,000 to the Bureau for grant related health care activities. The grant also allowed for the full funding of three grant related staff. Though the Bureau has received a federal grant extension, the extension is due to terminate in June 30, 2012. It is requested that that funds are appropriated for the former grant positions in fiscal year 2012. The total amount requested for the Consumer Advocate Bureau is \$ 282,680.00. The request would cover the ongoing expenses of staff, such as salary, as all initial costs and equipment for new employees would have been paid by the federal grant. Funding for the three staff members would allow consumer services in the Bureau to continue at the level previously received and expected by Iowans, including assistance with appeals. State funding of the positions would also permit the three staff members to expand their consumer assistance capabilities to all of the areas serviced by the Bureau, as opposed to only health insurance activities as required by the federal grant. The requested budget is provided below:

<u>Expenses</u>	<u>FTE Positions</u>		<u>Costs</u>
Personnel (Salary and Benefits)	FTE 1	Consumer Advocate	\$ 79,000.00
	FTE 2	Compliance Officer 1	\$ 140,000.00
	FTE 1	Admin Assistant 1	\$ 50,000.00
Worker's Comp			\$ 280.00
Rent		Office Space	\$ 11,000.00
Communication		Phones	\$ 2,400.00
	FTE Total: 4 New FTE Positions: 3	Budget Total:	\$ 282,680.00

b. Legislation and Administrative Rules

No legislative recommendations are proposed at this time. The Consumer Advocate Bureau will continue working with other areas of the Iowa Insurance Division throughout 2011 to file administrative rules as needed, including updating the current rate review administrative rules.

IV. Conclusion

The Commissioner thanks the Consumer Advocate, Angel Robinson, for her work during 2011. In addition, the Commissioner thanks the Governor and the legislature for their continued support of the overall mission of the Division and our goal to protect consumers.

The Commissioner is happy to provide further information upon request as to any of the consumer activities of the office or any other function or duty of the Iowa Insurance Division.

Respectfully Submitted,



Susan E. Voss
Commissioner of Insurance

Appendix A: 2010 Complaint and Inquiry Statistics for Iowa

As part of the duties of the Consumer Advocate Bureau, assistance was provided to consumers individually with questions or problems with insurance, securities, and regulated industries. Statistics for the Consumer Advocate Bureau are incorporated into the Division's statics for other bureaus as the Consumer Advocate generally works with closed complaints or monitors the complaints of others. Specifically, monitored complaints are complaints or inquiries that have been investigated by another bureau, but the consumer has sought out the services of the Consumer Advocate to provide updates on the status of their file or to provide additional clarification on a received correspondence. The Consumer Advocate reviewed complaints are closed complaints that the consumer has requested an appeal for additional assistance or are pursued as a new complaint upon the discretion of the Consumer Advocate.

The following statistics are the total services provided to consumers in all areas serviced by the Division. For convenience statistics showing the efforts of all bureaus handling complaints is provided. The Consumer Advocate Bureau statistics have been identified specifically, but are not counted separately in the complaint totals in order to avoid duplication and provide accuracy.

Total Summary of Division Complaints and Inquiries

Total Complaints (including rate increase complaints):	1,809
Total Inquiries (written and phone):	4,273
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Total Consumer Complaints / Inquiries Served:	6,082

2011 Insurance Complaints

Closed Complaints	Line of Insurance	Written Inquiries	Phone Inquiries
432	Auto	70	
56	Fire, Allied Lines	6	
293	Homeowners	38	
250	Life, Annuity	97	
614	Accident, Health	657	
17	Liability	8	
100	Miscellaneous	120	
20	Other: Regulated Industries	4	
27	Other: Securities	10	
0	Other: Rate Increase	338	
0	Other	129	
1809		1477	2796

Line of Insurance

Reason for Complaint/Inquiry	Auto	Fire, Allied Lines	Homeowners	Life, Annuity	Accident, Health	Liability	Miscellaneous
Underwriting	59	6	39	14	207	1	14
Marketing and Sales	221	7	27	95	208	0	51
Claim Handling	312	40	252	65	542	17	44
Policyholder Service	33	5	16	122	173	1	11

Disposition of Complaint/ Inquiry

Policy not in force	13	Referred to another department	10	ERISA complaint	1
Policy issued/restored	38	Referred to proper agency	47	Apparent unlicensed activity	25
Advised complainant	684	Referred to rates/contacts	0	Deductible refunded	1
Compromised resolution	109	Referred to market conduct	0	Forfeiture	0
Additional payment	33	Appointed	0	Referred for disciplinary action	87
Refund	84	Licensed	0	Question of fact	261
Arbitration/mediation	0	Advertising withdrawn/amended	0	Rating problem resolved	4
Coverage extended	13	Underwriting practice resolved	0	Contract provision/legal issue	172
Unable to assist	36	Information furnished/expanded	157	Company in compliance	276
Claim reopened	57	Delay resolved	131	Company position upheld	290
Cancellation upheld	2	Fine	1	Endorsement processed	2
Nonrenewal upheld	0	Cancellation notice withdrawn	2	No jurisdiction	120
Claim settled	132	Nonrenewal notice rescinded	3	Recovery	42
Filed suit/retained attorney	4	Nonforfeiture problem resolved	0	Insufficient information	27
No action requested/required	40	Premium problem resolved	21	Other	181

Consumer Advocate Complaints

(provided statistics are for monitored and investigated complaints that are also integrated into Insurance, securities, and regulated industries totals)

2011 Annual Closed Complaint/Inquiry Report

Closed Complaints	Line of Insurance	Written Inquiries	Monitored Files
6	Auto	8	
1	Fire, Allied Lines	0	
2	Homeowners	10	
2	Life, Annuity	3	
7	Accident, Health	69	
1	Liability	2	
0	Miscellaneous	0	
0	Other: Regulated Industries	0	
0	Other: Securities	0	
0	Other	4	
19		96	45

Line of Insurance

Reason for Complaint/Inquiry	Auto	Fire, Allied Lines	Homeowners	Life, Annuity	Accident, Health	Liability	Miscellaneous
Underwriting	2	0	4	0	50	1	0
Marketing and Sales	1	0	2	6	14	0	0
Claim Handling	13	0	5	1	20	2	0
Policyholder Service	4	1	1	1	6	0	0

Disposition of Complaint/ Inquiry

Policy not in force	0	Referred to another department	0	ERISA complaint	0
Policy issued/restored	0	Referred to proper agency	1	Apparent unlicensed activity	0
Advised complainant	17	Referred to rates/contacts	0	Deductible refunded	0
Compromised resolution	5	Referred to market conduct	0	Forfeiture	0
Additional payment	1	Appointed	0	Referred for disciplinary action	1
Refund	1	Licensed	0	Question of fact	0
Arbitration/mediation	0	Advertising withdrawn/amended	0	Rating problem resolved	0
Coverage extended	2	Underwriting practice resolved	0	Contract provision/legal issue	2
Unable to assist	0	Information furnished/expanded	10	Company in compliance	3
Claim reopened	1	Delay resolved	1	Company position upheld	1
Cancellation upheld	0	Fine	1	Endorsement processed	0
Nonrenewal upheld	0	Cancellation notice withdrawn	0	No jurisdiction	6
Claim settled	1	Nonrenewal notice rescinded	0	Recovery	0
Filed suit/retained attorney	0	Nonforfeiture problem resolved	0	Insufficient information	1
No action requested/required	1	Premium problem resolved	0	Other	8

2011 Consumer Assistance Program Complaint / Inquiry Report

Closed Complaints	Closed Inquiries	Open Complaints	Open Inquiries
57	317	4	9

General Reason for Complaint/Inquiry

Underwriting	98
Marketing and Sales	120
Claim Handling	118
Policyholder Service	14

Disposition of Complaint/ Inquiry

Policy not in force	0	Referred to another department	1	ERISA complaint	1
Policy issued/restored	1	Referred to proper agency	15	Apparent unlicensed activity	0
Advised complainant	34	Referred to rates/contacts	0	Deductible refunded	0
Compromised resolution	2	Referred to market conduct	0	Forfeiture	0
Additional payment	3	Appointed	0	Referred for disciplinary action	0
Refund	0	Licensed	0	Question of fact	0
Arbitration/mediation	0	Advertising withdrawn/amended	0	Rating problem resolved	0
Coverage extended	0	Underwriting practice resolved	0	Contract provision/legal issue	2
Unable to assist	3	Information furnished/expanded	31	Company in compliance	5
Claim reopened	13	Delay resolved	0	Company position upheld	16
Cancellation upheld	0	Fine	0	Endorsement processed	0
Nonrenewal upheld	0	Cancellation notice withdrawn	0	No jurisdiction	17
Claim settled	5	Nonrenewal notice rescinded	0	Recovery	2
Filed suit/retained attorney	0	Nonforfeiture problem resolved	0	Insufficient information	6
No action requested/required	8	Premium problem resolved	0	Other	6

Appendix B: Comparative Complaint Data for Selected States

Based on various characteristics, such as location and data bases system used, other states were asked to share complaint statistics. 2011 complaint data was supplied as courtesy to the Iowa Insurance Division from the following states: Louisiana, Missouri, Kansas, and North Dakota. The state of Louisiana provides complaint statistics from another Department of Insurance's Consumer Advocate's office. Missouri, Kansas and North Dakota's complaint statistics provide a picture of the annual complaints from neighboring states.

Special thanks are given to the insurance departments from the participating states, whose assistance aided in the completion of this report.

Louisiana Office of Consumer Advocacy FY 2010 Complaints

(2011 data was not available for Louisiana)

Complaint Totals

Complaint Type	Closed Complaints	Closed Inquiries
Property/ Casualty	32	79
Health	18	26
Life & Annuity	2	5
Total	52	110

Complaint Disposition Totals

Favorable to Consumer	19
Favorable to Regulated Entity	10
Neutral	23
Total	52

Kansas 2011 Insurance Complaints

2011 Annual Closed Complaint/Inquiry Report

Closed Complaints	Line of Insurance	Written Inquiries
846	Auto	153
56	Fire, Allied Lines	17
596	Homeowners	119
332	Life, Annuity	71
1348	Accident, Health	125
46	Liability	12
126	Miscellaneous	108
0	Other: Regulated Industries	0
0	Other: Securities	0
0	Other	1519
3350		2124

Line of Insurance

Reason for Complaint/Inquiry	Auto	Fire, Allied Lines	Homeowners	Life, Annuity	Accident, Health	Liability	Miscellaneous
Underwriting	155	12	191	19	180	10	63
Marketing and Sales	82	19	51	104	84	7	36
Claim Handling	1101	66	791	90	1085	49	199
Policyholder Service	104	17	56	383	545	4	25

Disposition of Complaint/ Inquiry

Policy not in force	10	Referred to another department	43	ERISA complaint	221
Policy issued/restored	50	Referred to proper agency	79	Apparent unlicensed activity	1
Advised complainant	608	Referred to rates/contacts	0	Deductible refunded	3
Compromised resolution	129	Referred to market conduct	1	Forfeiture	0
Additional payment	266	Appointed	0	Referred for disciplinary action	24
Refund	98	Licensed	2	Question of fact	509
Arbitration/mediation	11	Advertising withdrawn/amended	5	Rating problem resolved	3
Coverage extended	81	Underwriting practice resolved	5	Contract provision/legal issue	171
Unable to assist	49	Information furnished/expanded	826	Company in compliance	752
Claim reopened	21	Delay resolved	150	Company position upheld	615
Cancellation upheld	21	Fine	0	Endorsement processed	0
Nonrenewal upheld	15	Cancellation notice withdrawn	14	No jurisdiction	345
Claim settled	322	Nonrenewal notice rescinded	5	Recovery	200
Filed suit/retained attorney	12	Nonforfeiture problem resolved	1	Insufficient information	20
No action requested/required	146	Premium problem resolved	75	Other	229

North Dakota 2011 Insurance Complaints

2011 Annual Closed Complaint/Inquiry Report

Closed Complaints	Line of Insurance	Written Inquiries
76	Auto	236
6	Fire, Allied Lines	25
58	Homeowners	173
18	Life, Annuity	128
35	Accident, Health	565
9	Liability	22
12	Miscellaneous	36
0	Other: Regulated Industries	0
0	Other: Securities	0
0	Other	3425
214		4610

Line of Insurance

Reason for Complaint/Inquiry	Auto	Fire, Allied Lines	Homeowners	Life, Annuity	Accident, Health	Liability	Miscellaneous
Underwriting	31	5	40	9	85	0	4
Marketing and Sales	6	2	13	28	31	5	9
Claim Handling	307	25	204	22	231	35	30
Policyholder Service	28	4	18	101	370	1	17

Disposition of Complaint/ Inquiry

Policy not in force	0	Referred to another department	2	ERISA complaint	0
Policy issued/restored	3	Referred to proper agency	2	Apparent unlicensed activity	0
Advised complainant	6	Referred to rates/contacts	0	Deductible refunded	0
Compromised resolution	3	Referred to market conduct	0	Forfeiture	0
Additional payment	39	Appointed	0	Referred for disciplinary action	2
Refund	15	Licensed	0	Question of fact	10
		Advertising			
Arbitration/mediation	0	withdrawn/amended	0	Rating problem resolved	0
Coverage extended	33	Underwriting practice resolved	1	Contract provision/legal issue	47
		Information			
Unable to assist	5	furnished/expanded	11	Company in compliance	18
Claim reopened	0	Delay resolved	30	Company position upheld	29
Cancellation upheld	0	Fine	0	Endorsement processed	0
Nonrenewal upheld	0	Cancellation notice withdrawn	0	No jurisdiction	45
Claim settled	48	Nonrenewal notice rescinded	0	Recovery	0
Filed suit/retained attorney	2	Nonforfeiture problem resolved	0	Insufficient information	0
No action requested/required	6	Premium problem resolved	2	Other	4